

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-03 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 PA-01 PRS-01

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FM AMEMBASSY NASSAU

TO SECSTATE WASHDC IMMEDIATE 7910

C O N F I D E N T I A L NASSAU 0374

FOR ASSISTANT SECRETARY ROGERS FROM AMBASSADOR

E.O. 11652: GDS

TAGS: EAIR BF

SUBJ: PAN AM SUSPENSION OF NEW YORK/NASSAU ROUTE

REF: (A) NASSAU 0355 (B) NASSAU 0307

1. I UNDERSTAND THAT GCOB NOTE (REFTEL A) HAS BEEN TRANSMITTED BY DEPARTMENT TO CAB. I ALSO GATHER THAT PRESSURES WILL BE STRONGLY ON THE SIDE OF APPROVING PAN AM REQUEST. I DO NOT KNOW WHETHER THERE MIGHT BE FURTHER OPPORTUNITY FOR DEPARTMENT APPROPRIATELY TO MAKE A PRESENTATION TO CAB CONCERNING FOREIGN POLICY IMPLICATION OF ITS DECISION. HOWEVER, SINCE, IN THIS INSTANCE, THOSE FOREIGN POLICY IMPLICATIONS ARE IMPORTANT AND ESPECIALLY SO INsofar AS THEY HAVE A BEARING ON OUR BASE NEGOTIATIONS, I AM TAKING THE LIBERTY OF CALLING THIS MATTER TO YOUR DIRECT ATTENTION. THAT MATTER IS VIEWED SERIOUSLY BY GCOB, WAS UNDERLINED TO ME YESTERDAY BY MINISTER OF TOURISM MAYNARD, NUMBER ONE RANKING MINISTER IN THE CABINET.

2. GCOB ASSESSMENT OF IMPACT ON BAHAMIAN ECONOMY OF PROPOSED ABRUPT TERMINATION OF PANAM SERVICE TO NASSAU REPORTED IN REF (A) IS IN EMBASSY'S& OPINION, AN ACCURATE ONE. NONE OF THE US AIRLINES IN NEW YORK OR NEWARK/NASSAU ROUTE WOULD BE ABLE TO PICK UP PAN AM'S PASSENGER TRAFFIC
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(SEE REF (B) FOR EASTERN AIRLINES). DELTA, ONLY AIRLINE WHICH

DOES FLY NEW YORK/NASSAU, HAS ONLY LIMITED SPACE AVAILABLE AND WILL NOT BE ABLE TO INCREASE ITS FLIGHTS ON SUCH SHORT NOTICE ACCORDING TO LOCAL MANAGER.

3. EMBASSY WOULD RECOMMEND THAT DEPARTMENT SUPPORT GCOB REQUEST TO POSTPONE PAN AM DISCONTINUATION UNTIL OTHER ARRANGEMENTS FOR ADDITIONAL SERVICES HAVE BEEN MADE BASED SOLELY ON NEGATIVE IMPACT ON ECONOMY. THERE ARE, HOWEVER, OTHER CONSIDERATIONS, LARGELY PSYCHOLOGICAL BY NATURE, WHICH STRENGTHEN THAT RECOMMENDATION.

4. THE BAHAMIAN ECONOMY IS ALMOST TOTALLY DOMINATED BY THE U.S. - 67 PER CENT OF ITS IMPORTS COME FROM THE US. WE ARE FAR AND AWAY THE LARGEST DIRECT FOREIGN INVESTOR IN THE BAHAMAS, 80 PER CENT OF ITS TOURISTS COME FROM THE U.S. AND TOURISM ACCOUNTS FOR APPROXIMATELY 70 PER CENT OF GNP. IT IS THUS UNDERSTANDABLE THAT GCOB IS SENSITIVE TO ITS DE FACTO DEPENDENCE ON THE U.S. ECONOMY AND U.S. POLICIES AND PAN AM'S ACTION - AFTER ALLEGED ASSURANCES TO THE GCOB THAT IT WOULD RECEIVE ADEQUATE NOTICE OF ANY SUCH DECISION - COULD PRODUCE NEGATIVE PSYCHOLOGICAL IMPACT WITH THOSE IN CABINET WHO BELIEVE GCOB SHOULD PURSUE A MORE INDEPENDENT POSITION VIS-A-VIS THE U.S. DEPUTY PRIME MINISTER HANNA AND PAUL ADDERLEY COME TO MIND AS PROPONENTS OF THIS POINT OF VIEW AND ADDERLEY, OF COURSE, IS THE MAN PRIMARILY RESPONSIBLE FOR FORMULATING A RESPONSE TO OUR NOTE ON FACILITIES NEGOTIATIONS. IT IS ENTIRELY POSSIBLE THAT A FAVORABLE RULING TO PAN AM'S REQUEST - WITHOUT ANY ADJUSTMENT AS TO TIMING - WOULD CAUSE THE GCOB TO REINFORCE ITS INSISTENCE ON AN EXORBITANT QUID FOR THE FACILITIES TO COMPENSATE FOR THE SUBSTANTIAL LOSS OF REVENUE IT WOULD SUFFER IF NO ALTERNATE CARRIER IS MADE AVAILABLE. THEIR DEMANDS FOR AN UNREALISTICALLY HIGH QUID WOULD, OF COURSE, MAKE AN AGREEMENT THAT MUCH MORE DIFFICULT TO OBTAIN. WHILE OUR ASSESSMENT AT THIS POINT IN TIME IS THAT PRIME MINISTER PINDLING WILL PERCEIVE THE NEGATIVE POLITICAL IMPLICATION OF NOT REACHING AN AGREEMENT ON FACILITIES AND THAT HE WILL WIN THE DAY IN ABINET, DEPARTMENT SHOULD NEVERTHELESS UNDERSTAND THAT GIVEN BAHAMIAN MENTALITY THEY ARE QUITE CAPABLE OF CUTTING OFF THEIR NOSE TO SPITE THEIR FACE. EMBASSY, THEREFORE, HOPES THAT WE CAN BE AT LEAST SOMEWHAT RESPONSIVE TO THE BAHAMIAN

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REQUEST, I.E., SLIPPAGE TO APRIL 25 DATE FOR PAN AM CUT-OFF.
WEISS

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Message Attributes

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